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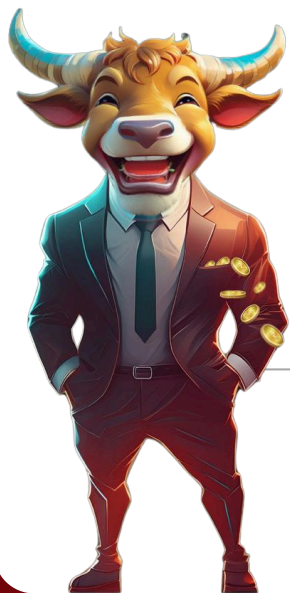
MUMBAI



India

UNWRAPPED

WEEKLY



NEWSFLASH

10th March - 16th March

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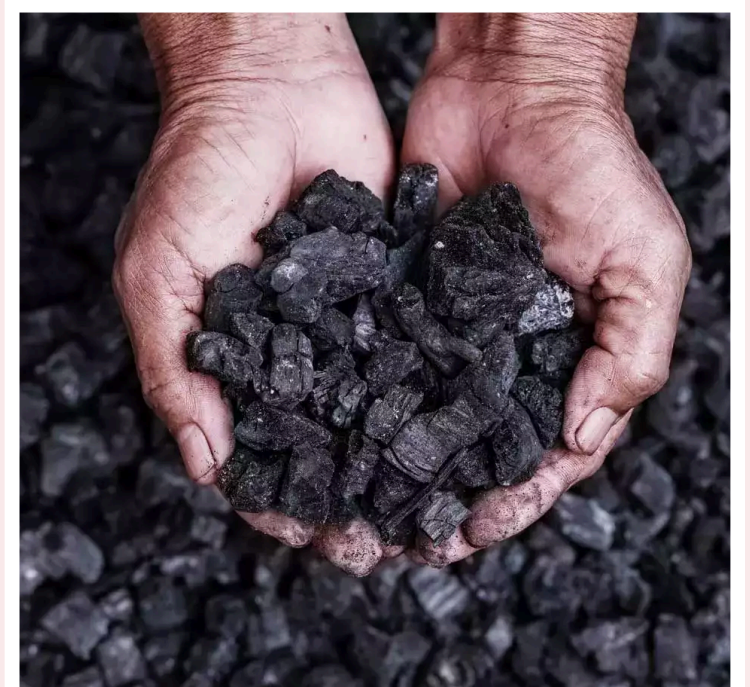
VC FUNDING IN INDIA SKYROCKETS TO \$13.7 BILLION, DRIVEN BY TWO MAIN FACTORS



Venture capital funding in India saw a whopping 43% increase to stand at \$13.7 billion in 2024. With a total of 1,270 transactions, this translates into the highest number of transactions led mostly by consumer technology of \$5.4 billion, more than double that of 2023's figure. Growth-oriented initiatives through government action, tax reforms, and, of course, very high investor sentiment have enabled growth in the startup ecosystem and advancement of technologies that generate jobs and innovation in various sectors.

REDUCTION IN COAL IMPORT SAVES AROUND ₹42,315 CR OF FOREIGN EXCHANGE

India cut coal imports by 8.4% during April-December 2024 to 183.42 million tonnes, saving foreign exchange worth approximately ₹42,315 crore. Non-power sectors witnessed a decline of 12% in imports, whereas coal-based power generation increased by 3.53% and blending imports declined by 29.8%. Initiatives such as commercial coal mining and Mission Coking Coal increased domestic coal production by 6.11% during the same period.



\$50 BILLION BOOST COMING FOR INDIA WITH WAGE REVISIONS IN 2026



The 8th Central Pay Commission's wage revision for government employees and pensioners, commencing from January 2026, is expected to infuse \$50 billion more for consumption and savings in India. That would benefit about 31 million people, 18 million employees, and 13 million pensioners. UBS has estimated a weighted average hike in pay of about 15-20%, which, in turn, would increase the wage bill of the government by ₹4.5 lakh crore, thus raising savings under a notion of fiscal prudence.

INDIA'S RETAIL INFLATION EASES TO A SEVEN-MONTH LOW OF 3.61% IN FEB

India's retail inflation plummeted to 3.61% in February, a seven-month low, largely because of decreasing food prices. Rural inflation slowed to 3.79%, and urban inflation came in at 3.32%. The Reserve Bank of India (RBI) is projecting that inflation will further ease in FY26, with an average rate of 4.2%. Governor Sanjay Malhotra brought into focus the success of inflation-targeting policies. Global uncertainties, a depreciating rupee, and a fall in foreign investment continue to pose problems for India's economic stability.



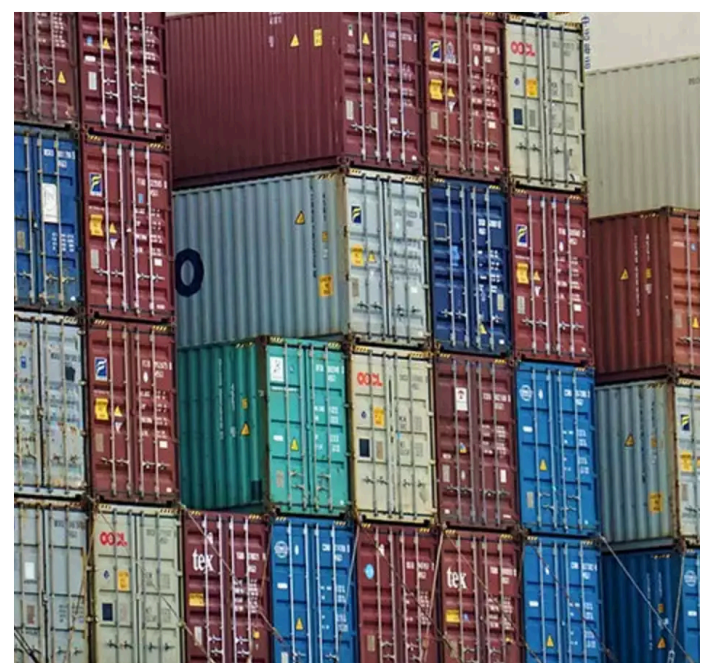
INDIA'S INDUSTRIAL OUTPUT QUICKENS IN JANUARY ON MANUFACTURING, MINING PUSH



In January, industrial production in India increased 5% from the previous year, beating expectations of 3.5% from economists. Manufacturing increased by 5.5%, mining by 4.4%, and electricity by 2.4%. Consumer durables such as home appliances grew 7.2%, while capital goods production increased 7.8%. Industrial growth from April through January was 4.2%, down from the 6% of the same period the previous year.

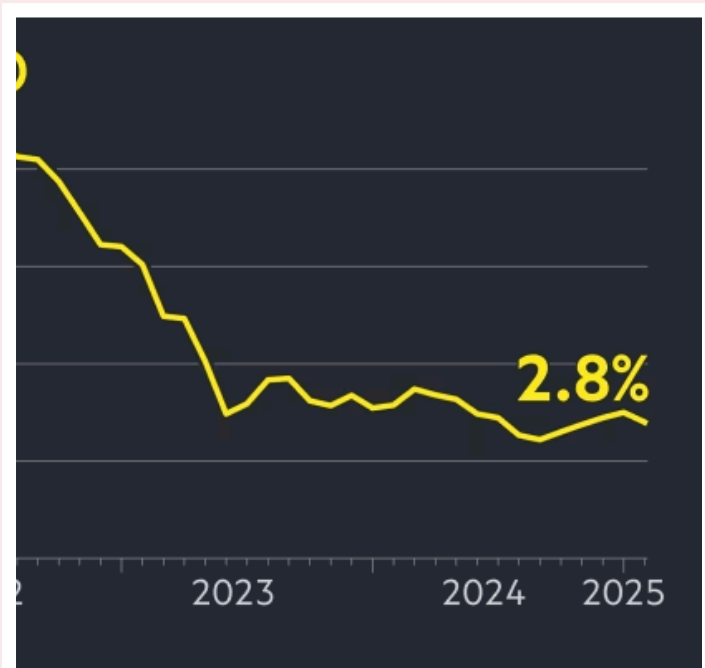
INDIA'S TRADE DEFICIT LIKELY NARROWED TO USD 21.5 BLN IN FEBRUARY FROM USD 23 BLN IN JANUARY

India's trade deficit dipped to \$21.5 billion in February compared with \$23 billion in January, primarily because of seasonal demand and lower Non-Oil-Non-Gold imports. Declines in global Brent crude oil prices also contributed to a reduction in the oil trade deficit, even as oil imports from Russia plummeted. Gold imports increased to 70 tonnes, supported by marriage season demand and investment appetite. Geopolitical tensions and fears of new U.S. trade tariffs might, however, constrain further improvement in India's trade balance.





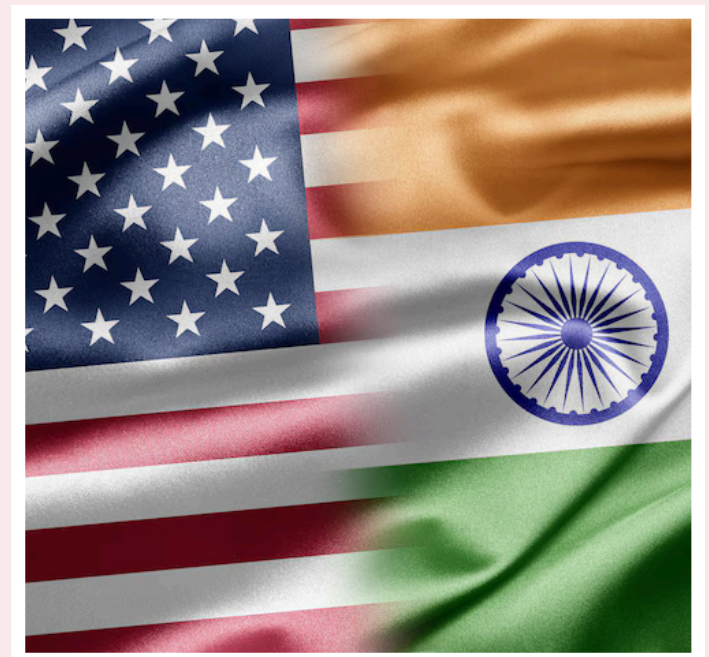
US INFLATION COOLS SLIGHTLY TO 2.8% IN FEBRUARY AMID GROWTH CONCERNS OVER DONALD TRUMP'S TARIFFS



In February, US inflation slowed to 2.8% from 3.0%, providing some relief but still higher than the Federal Reserve's 2% goal. President Trump's trade policies, such as new tariffs on steel, aluminum, and Chinese imports, have created concerns over future price hikes and economic uncertainty. While shelter and food prices increased, energy and air travel prices fell. The Federal Reserve holds back, waiting for tariffs and fiscal policy to become clearer before adjusting rates.

INDIA-US DISCUSS RECIPROCAL TARIFFS, 1ST PHASE OF BILATERAL TRADE AGREEMENT

Indian Commerce Minister Piyush Goyal had a meeting with USTR Jamieson Greer and other US government officials regarding a bilateral trade agreement (BTA) and future US reciprocal tariffs from April 2. The two sides are looking to conclude the first phase of the BTA within 7-8 months on tariff cuts, enhanced market access, and supply chain resilience. India is ready with a list of tariff cuts to respond to US requirements. But President Trump underscored no preferential treatment for India because of its large tariff regime.



US TARIFFS IMPACT: INDIA LESS ATTRACTIVE FOR MANUFACTURING INVESTMENT



The Economic Times article shares concerns that higher U.S. tariffs could diminish the attractiveness of India for manufacturing investments. While India has a vast domestic market, in order to reach economies of scale, it needs to access global markets. Countries not on the U.S. tariff list may become very attractive investment destinations, the article asserts. To counter this, India could think of a bilateral trade agreement with the U.S., although sectors like agriculture and automobiles might complicate that.

INDIA'S FOREX RESERVES HIT \$654 BILLION TO RECORD BIGGEST WEEKLY GAIN IN 3 YEARS

India is said to have witnessed an increase of \$15.3 billion, boosting the foreign exchange reserves closer to \$654 billion, making it the biggest weekly increase since 2021, for the week ending March 7, 2025. This increase is attributed to currency swap operations towards liquidity injection performed by the Central Bank to tide over pressures on the banking system, thereby furthering the goals of economic stability, supporting the rupee, restoring investor confidence.





INDIA, CHINA SAW STRONG TRADE GROWTH IN Q4 2024 AMID RISKS: UN REPORT



By the end of the last quarter in 2024, global trade had grown to \$33 trillion, with contributions that amounted to \$1.2 trillion, attributed to a 9 percent rise in the trade of services and a 2 percent increase in the trade of goods. Developing nations have outperformed, with India achieving 8 percent growth in imports. However, UNCTAD, a UN body has cautioned against some possibilities of an economic downturn created by the imbalances in trade, rising geopolitical tensions, inflationary pressures, and the ever-changing global demand.

INDIA SEES RECORD DEAL ACTIVITY IN FEBRUARY AT \$7.2 BILLION

India witnessed a record-breaking surge in deal activity in February 2025, with 226 mergers and acquisitions, and private equity deals valued at a whopping \$7.2 billion, which, according to Grant Thornton Bharat's Deal Tracker report, would be the highest volume recorded for this number of deals in three years. This is an increase of 67% in the number of deals and a five-fold increase in total value over February 2024. Major deals included the \$2.3 billion buyout of Ayana Renewable Power by ONGC-NTPC Green and Torrent Group's \$872 million purchase of Ireliia Sports.



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